



General Assembly

Substitute Bill No. 1322

January Session, 2005

* SB01322FIN 042205 *

**AN ACT CONCERNING TAX CREDITS FOR REHABILITATING
HISTORIC STRUCTURES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2005, and applicable to tax years*
2 *beginning January 1, 2005*) (a) As used in this section, the following
3 terms shall have the following meanings unless the context clearly
4 indicates another meaning:

5 (1) "Commission" means the Connecticut Commission on Culture
6 and Tourism established under section 10-392 of the general statutes;

7 (2) "Certified historic structure" means an historic property that: (A)
8 Is listed individually on the National or State Register of Historic
9 Places, or (B) is located in a district listed on the National or State
10 Register of Historic Places, and has been certified by the commission as
11 being of historic significance to the district contributing to the historic
12 character of such district;

13 (3) "Certified rehabilitation" means any rehabilitation of a certified
14 historic structure that includes residential use consistent with the
15 historic character of such property or the district in which the property
16 is located as determined by regulations adopted by the commission;

17 (4) "Owner" means any person, firm, limited liability company,

18 nonprofit or for-profit corporation or other business entity which
19 possesses title to an historic structure and undertakes the rehabilitation
20 of such structure;

21 (5) "Placed in service" means that substantial rehabilitation work has
22 been completed which would allow for issuance of a certificate of
23 occupancy for the entire building or for individual residential units
24 that are an identifiable portion of the building;

25 (6) "Qualified rehabilitation expenditures" means any costs incurred
26 for the physical construction involved in the rehabilitation of a
27 certified historic structure for residential use, excluding: (A) The
28 owner's personal labor, (B) the cost of a new addition, except as
29 required to comply with any provision of the State Building Code or
30 the State Fire Safety Code, and (C) any nonconstruction cost such as
31 architectural fees, legal fees and financing fees;

32 (7) "Rehabilitation plan" means any construction plans and
33 specifications for the proposed rehabilitation of a certified historic
34 structure in sufficient detail for evaluation by compliance with the
35 standards developed under the provisions of subsections (b) to (d),
36 inclusive, of this section; and

37 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
38 the qualified rehabilitation expenditures of a certified historic structure
39 that exceed twenty-five per cent of the assessed value of such
40 structure.

41 (b) The commission shall administer a system of tax credit vouchers
42 within the resources, requirements and purposes of this section for
43 owners rehabilitating certified historic structures. The credit
44 authorized by this section shall be available in the tax year in which
45 the substantially rehabilitated certified historic structure is placed in
46 service. If the tax credit is more than the amount owed by the taxpayer
47 for the year in which the substantially rehabilitated certified historic
48 structure is placed in service, the amount that is more than the
49 taxpayer's tax liability may be carried forward and credited against the

50 taxes imposed for the succeeding five years or until the full credit is
51 used, whichever occurs first.

52 (c) The commission shall develop standards for the approval of
53 rehabilitation of certified historic structures for which a tax credit
54 voucher is sought. Such standards shall take into account whether the
55 rehabilitation of a certified historic structure will preserve the historic
56 character of the building.

57 (d) The commission shall adopt regulations, in accordance with
58 chapter 54 of the general statutes, to carry out the purposes of this
59 section. Such regulations shall include provisions for filing of
60 applications and for timely approval by the commission.

61 (e) Prior to beginning any rehabilitation work on a certified historic
62 structure, the owner shall submit (1) a rehabilitation plan to the
63 commission for a determination of whether or not such rehabilitation
64 work meets the standards developed under the provisions of
65 subsections (b) to (d), inclusive, of this section, and (2) an estimate of
66 the qualified rehabilitation expenditures. The provisions of this
67 subsection shall not disqualify applications for tax credits for certified
68 historic structures for which rehabilitation commenced but were not
69 placed in service before the effective date of this section.

70 (f) If the commission certifies that the rehabilitation plan conforms
71 to the standards developed under the provisions of subsections (b) to
72 (d), inclusive, of this section, the commission shall reserve for the
73 benefit of the owner an allocation for a tax credit equivalent to twenty-
74 five per cent of the projected qualified rehabilitation expenditures, not
75 exceeding two million dollars.

76 (g) Following the completion of rehabilitation of a certified historic
77 structure, the owner shall notify the commission that such
78 rehabilitation has been completed. The owner shall provide the
79 commission with documentation of work performed on the certified
80 historic structure and shall submit certification of the costs incurred in
81 rehabilitating the certified historic structure. The commission shall

82 review such rehabilitation and verify its compliance with the
83 rehabilitation plan. Following such verification, the commission shall
84 issue a tax credit voucher to the owner rehabilitating the certified
85 historic structure or to the taxpayer named by the owner as
86 contributing to the rehabilitation. The tax credit voucher shall be in an
87 amount equivalent to the lesser of the tax credit reserved upon
88 certification of the rehabilitation plan under the provisions of
89 subsection (f) of this section or twenty-five per cent of the actual
90 qualified rehabilitation expenditures not exceeding two million
91 dollars. In order to obtain a credit against any state tax due that is
92 specified in subsections (h) to (k), inclusive, of this section, the holder
93 of the tax credit voucher shall file the voucher with the holder's state
94 tax return.

95 (h) The Commissioner of Revenue Services shall grant a tax credit to
96 a taxpayer holding the tax credit voucher issued under subsections (e)
97 to (i), inclusive, of this section against any tax due under chapter 207,
98 208, 209, 210, 211 or 212 of the general statutes in the amount specified
99 in the tax credit voucher. Such taxpayer shall submit the voucher and
100 the corresponding tax return to the Department of Revenue Services.

101 (i) The tax credit issued under subsection (h) of this section shall be
102 taken by the holder of the tax credit voucher in the same tax year in
103 which the certified historic structure was placed in service. Any
104 unused portion of such credit may be carried forward to any or all of
105 the four taxable years following the year in which the tax credit
106 voucher is issued.

107 (j) The aggregate amount of all tax credits which may be reserved by
108 the commission upon certification of rehabilitation plans under
109 subsections (b) to (d), inclusive, of this section shall not exceed ten
110 million dollars in any one fiscal year.

111 (k) The commission may charge an application fee in an amount not
112 to exceed two thousand five hundred dollars to cover the cost of
113 administering the program established pursuant to this section for the

114 administration of the program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005, and applicable to tax years beginning January 1, 2005</i>	New section

FIN *Joint Favorable Subst.*